

VZCZCXYZ0005
RR RUEHWEB

DE RUEHAC #0389/01 1311715
ZNY CCCCC ZZH
R 111715Z MAY 07
FM AMEMBASSY ASUNCION
TO RUEHC/SECSTATE WASHDC 5715
INFO RUCNMR/MERCOSUR COLLECTIVE
RUMIAAA/USCINCSO MIAMI FL//SCJ3/SCJ33/SCJ34/SOCSO LNO//
RHEHNSC/WHITE HOUSE NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDO/DEPT OF COMMERCE WASHDC
RUEAIIA/CIA WASHDC

C O N F I D E N T I A L ASUNCION 000389

SIPDIS

SIPDIS

STATE FOR WHA/BSC, INL/LP (JIM HIDES)
EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD

E.O. 12958: DECL: 05/11/2027
TAGS: [PGOV](#) [PHUM](#) [PREL](#) [PA](#) [AR](#) [VE](#)
SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE MAY 5-11,
2007

REF: ASUNCION 0177

Classified By: A/DCM James P. Merz; REASONS 1.4 (b), (d)

11. (U) SUMMARY:

- CDA Meets the Israeli Ambassador
- TSJE Credibility Low; Infighting Continues
- New Customs Unit Seizes Contraband
- Indigenous Get Help from Itaipu

CDA MEETS THE ISRAELI AMBASSADOR

12. (C) The CDA received Israeli Ambassador to Paraguay (resident in Argentina) Rafael Eldad and Israeli Honorary Consul in Paraguay Max Haber May 11. Ambassador Eldad was very interested in the campaign of former Monsignor Fernando Lugo and wanted to know the USG view of Lugo's prospects of becoming the president. Eldad was also curious about the USG views on the up-coming elections, particularly within the Colorado Party. The CDA addressed those issues as well as the Tri-Border Area, terrorism, transnational crime, and the Muslim community activities. Eldad also discussed his concerns about the relationship between Argentine President Kirchner and Venezuela's President Chavez. He said with Chavez embracing Iranian President Ahmadinejad, the Jewish community was concerned about the position of Kirchner. He conceded however that privately Kirchner has indicated to him that Argentina does not share Chavez' view of Iran but has befriended Chavez for providing financial assistance when the country needed it. Argentine and Brazilian pursuit of Middle East markets for exports, he said, also make it difficult for those governments to speak out publicly against Iran's growing interests in the region.

TSJE CREDIBILITY LOW; INFIGHTING CONTINUES

SIPDIS

13. (U) The run-up to the 2008 elections promises to be very difficult for the country's Electoral Tribunal (TSJE). Two

ministers remain under pressure (as a direct result of the firing of the TSJE's IT Director last December) and the public image of the organization is in a free-fall. In a recent poll released May 10, 46 percent of the population have no confidence in the country's Electoral Tribunal (TSJE) and do not believe the up-coming elections cycle will be free and fair. Only 29 percent believe the TSJE will do well, while another 25 percent are unsure. Liliana Benitez, the TSJE Director of Public Relations, told PolOff May 1 that

SIPDIS

moral is very low and indicated several professional staffers are considering leaving, including herself. (NOTE: TSJE Minister Alberto Ramirez Zambonini told PolOff in February that the other two ministers politicized the decisions of the TSJE and that he would do everything in his power to either

SIPDIS

get rid of them or he would discredit the organization and leave himself. The Congress has tried to impeach Ministers Dendia and Morales but did not have the votes. They were asked to resign April 9 but both declined. (reftel) END NOTE.)

NEW CUSTOMS UNIT SEIZES CONTRABAND

14. (U) Representatives of Customs, newly vetted investigations unit stopped a flat bed truck May 4 carrying one ton of contraband sugar/flour on the outskirts of Asuncion, near the border with Argentina. The driver of the truck decided to take flight, slamming the two MCA-funded customs vehicles parked in front of and behind the truck. Police officials shot out the truck's tires. The driver was taken into custody and his truck was delivered to the customs warehouse. In short order, those folks who were to have been involved in distributing this contraband merchandise attacked the warehouse, tossing Molotov cocktails and demanding the release of the merchandise. Four individuals were reportedly arrested. (NOTE: The Ambassador delivered the 23 MCA-funded vehicles to Customs in April at a

ceremony attended by President Duarte. END NOTE.) A/DCM contacted Customs and the Attorney General to extend U.S. congratulations, particularly to the investigative unit. The unit showed great courage and skill in investigating this case, even in the face of fierce resistance.

INDIGENOUS TO GET HELP FROM ITAIPU

15. (U) The Paraguayan Indigenous Institute (INDI) announced April 26 that 30 indigenous groups, totaling 1,102 families, in the Canindeyu Department will receive medical and agricultural assistance. The indigenous community requested this assistance in August 2006. The funding for this project will come from the Itaipu Binational Dam, which intends to begin distribution of the agricultural assistance next week. Merardo R. Rodriguez, an Economist at INDI, told PolOff May 10 that the program has a value of USD 655,393 (3,276,964,211 Guaranis) and will help a large number of people. Some members of the Ava Guarani group mentioned that they are pleased with receiving this benefit and believe it is crucial for them to get this assistance for the survival of their families. (NOTE: Victor Bernal, a possible VP candidate under Education Minister Blanca Ovelar, is the Paraguayan General Director of the Itaipu Binational Dam. This project represents one of the largest social program disbursements to indigenous communities. END NOTE.) FITZPATRICK